COVID-19 PANDEMIC EFFECTS ON THE LIVES OF FAIR TRADE SMALL-SCALE PRODUCERS AND WORKERS IN LATIN AMERICA AND THE CARIBBEAN

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- Acknowledgements -

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The COVID-19 pandemic has produced economic, social and political effects in Latin America and the Caribbean. By the end of December 2020, over 15 million confirmed COVID-19 cases and more than 500,000 deaths from COVID-19 had been reported in the region, and the virus continued to spread at elevated levels in a number of countries. The countries most affected in the region have been Brazil, Mexico, Peru, Colombia and Chile.

Brazil and Mexico have registered the most deaths, with over 200,000 and over 122,000, respectively. Brazil is the country with the second highest number of COVID-19 deaths in the world, following the United States. Over 38,000 COVID-19 deaths have been confirmed in Peru, more than 44,000 deaths registered in Colombia, and more than 22,000 deaths in Chile.

National statistics from the region’s countries indicate that the pandemic has had negative effects on income and employment, generating a chain of economic effects, especially for the already most vulnerable populations, including women, indigenous communities and migrants. In addition, there may also be psychological impacts from the adjustments that individuals have found it necessary to make in their everyday lives, including physical distancing, social isolation and quarantining (Brooks et al., 2020).

According to reports from the Economic Commission for Latin American and the Caribbean (ECLAC), the region’s agricultural sector will register a low-to-medium level impact on economic production from this pandemic. However, in the long term, severe effects may be seen particularly in locations also characterized by effects from climate change, generating increased uncertainty. Given this reality, ECLAC is emphasizing the need to transition from traditional agriculture to a modern, inclusive, sustainable type of agriculture (CEPAL/ECLAC, 2020).

This report is focused on the effects experienced by Fair Trade Small Producers and Workers in Latin America and the Caribbean between April and September of 2020. We conducted a monthly survey to ask representatives of producer and worker organizations regarding effects from the COVID-19 pandemic.

1. Measures for Mitigating the Spread of COVID-19
2. Impacts on Basic Needs
3. Impacts on Job Security
4. Impacts on the Economy
5. Adaptation through Marketing Alternatives and Solidarity Measures
In this report we present the results from a survey conducted every five weeks between April and October 2020 with Latin American and Caribbean Fair Trade Small Producer and Worker Organizations. The initial goal of this survey was to obtain first-hand, timely information for designing a response plan on behalf of the Latin American and Caribbean Network of Fair Trade Small Producers and Workers (CLAC), in coordination with members of the International Fairtrade System, as well as other strategic partners.

Due to the survey’s specific nature, a practical, precise instrument was developed to learn about the immediate effects experienced by organizations, and also to understand their capacities for reacting to and adopting responses for minimizing negative effects on their productive activities.

The survey has been conducted in 17 of the region’s countries, covering sectors producing 16 of the region’s primary agricultural products. Members of CLAC’s operations team served as the enumerators for this initiative. In short five-week cycles we have incorporated processes for conducting the survey, analyzing the data, and disseminating and incorporating the lessons learned to improve the process and the quality of the data obtained.

Due to the short cycles, the process of collecting data was concentrated in a single week of each cycle, to then have a break of approximately a month across all locations for analyzing the tendencies. The survey was conducted through a digital tool in which data was collected online. This allowed members of CLAC’s operations team to access the survey through the browser on their computer, and conduct the interviews with representatives of organizations by phone or Skype. When each survey was completed, team members would simply press the “send” button to send the information to a central application, with storage in the cloud.
Prior to their participation in the survey, representatives of organizations gave their verbal consent to participate and for the information collected to be used by CLAC. This consent covers: a) the purpose of and use to be given to information shared, b) acknowledgement that participation is voluntary and will not result in repercussions in relationships with CLAC or any other entity in the International Fairtrade system, and c) information explaining the process in the case that a participant changes his/her mind with regard to consent given.

Organizations participating in the first round of interviews conducted in April were selected from a sample for reasons of expediency. As mentioned in the previous section, this initiative was an innovative response from CLAC aimed at quickly identifying the pandemic’s effects on producer and worker organizations. Consequently, there were no specific resources available for carrying out this initiative, and thus, CLAC designed a creative strategy to make it a reality.

The survey was conducted by members of CLAC’s operations team, each of whom works with a “niche” of organizations. This niche responds to a cluster based primarily on geographic location, Fairtrade-certified product and type of organization (small-scale producer organizations or plantations). The team has 30 members, and each was assigned approximately ten interviews, with the nature of their work assuring a reasonable representation of CLAC’s member organizations. The particular sample used was selected in the context in which we found ourselves at that time, with a great deal of uncertainly around access to organizations and their availability to participate in a survey, and the capacity to conduct the survey through the operations team. In this situation, a probabilistic sample would have represented an additional restriction.
A total of 301 organizations responded to the survey in April, representing 17 countries and 16 Fairtrade-certified products. With the aim of obtaining longitudinal information on changes over time, we followed up with the same organizations in May and June. After three rounds of surveys, we perceived a degree of saturation and fatigue on the part of both the operations team and the organizations, and thus decided to reduce the number of organizations. We designed a probabilistic sample, with the organizations participating in the first round as the population. The following diagram presents the responses received from April to October.

**Diagram 1. Number of responses by country, April-October 2020**

The distribution by Fairtrade-certified product among organizations participating in the survey reflects Fairtrade-certified organizations in Latin America and the Caribbean to a reasonable degree. The following diagram illustrates the distribution of responses by product:
Diagram 2. Distribution of responses, by Fairtrade-certified product

Members of ATAISI de El Salvador gave medical supplies to local authorities. Fair Trade organizations have showed solidarity with vulnerable communities in several countries. vulnerables en diversos países.
From CLAC’s perspective, learning about the measures adopted to mitigate the spread of COVID-19 represents a very important area of information, in the context of better understanding organizations’ needs for assistance. Beginning in April, we found that many organizations adopted hygiene and physical distancing measures, together with the disinfecting of surfaces, suspension of large gatherings, travel cancellation and the implementation of physical distancing in workplaces. Some measures, such as monitoring COVID-19 symptoms and taking temperatures, were adopted more slowly. The following diagram illustrates the adoption of preventative measures from April to October.

Diagram 3. Adoption of measures for mitigating the spread of COVID-19

Percentage of organizations that apply the measure (n= 301 april, n=299 may, n=289 july, august n=186, september n=183)
With the aim of quickly assessing the areas of greatest need for organizations, producers, workers and their communities, we incorporated aspects associated with impacts on basic needs in the surveys. Specifically, we incorporated these three aspects: access to and ability to purchase water, food and personal hygiene products.

At the beginning of the pandemic, during the first round of data collection, more than 90% of participating organizations indicated they were experiencing negative impacts on basic needs. This has been steadily diminishing over time to the degree that in October, 55% of organizations reported negative impacts on basic needs. The following diagram illustrates the tendencies observed from April to October.

*Diagram 4. Impacts on Basic Needs*

When the data was separated by category of basic needs, we observed varied tendencies. There was a diminishing tendency in the negative impacts on access to and capacity to purchase water. With regard to access to and capacity to purchase food, we found a diminishing tendency when we combined negative and very negative impacts, but when considered separately, very negative impacts increased moderately over the months studied.
Of the three categories, we found the highest levels of negative impacts in access to personal hygiene products in April, with these levels decreasing in subsequent months. The following diagram gives a detailed account of the tendencies in the three categories of impacts on basic needs.

*Diagram 5. Impacts on Basic Needs, by type of basic need*
In order to conduct a quick assessment of the impacts experienced with regard to job security, we incorporated two categories in the survey: job stability and income stability. Responses to the survey indicated that more than 90% experienced negative impacts in April, but this level diminished over time, especially for those identifying impacts as negative, while the percentage reporting very negative impacts remained relatively stable over the months studied. The following diagram illustrates the aggregate tendencies from April to October in 2020.

Diagram 6. Impacts on Job Security

Percentage distribution of impacts on Job Security (General)
The survey entered into more detail in its assessment of economic impacts associated with the productive activities of Fair Trade small producer and worker organizations. The reason is that this area is considered to have the greatest effect on CLAC, the Fairtrade system and their strategic partners. Ten categories of economic impacts on production were included in the survey, specifically: production processes, export logistics, commercial events, labor force availability, product demand and sales, legal costs, financial costs, production costs, access to production inputs, and access to financing.

The following diagram illustrates the aggregate tendencies in the economic impacts reported in the survey.

Percentage distribution of Economic impacts (General)

The following table presents the percentages of organizations that identified specific economic impacts, by category of impacts.
Table 1. Percentages of organizations with Economic Impacts, by category of impacts

<table>
<thead>
<tr>
<th>TYPE OF IMPACT</th>
<th>APRIL</th>
<th>MAY</th>
<th>JULY</th>
<th>AUGUST</th>
<th>SEPTEMBER</th>
<th>OCTOBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production processes</td>
<td>42%</td>
<td>34%</td>
<td>36%</td>
<td>38%</td>
<td>35%</td>
<td>36%</td>
</tr>
<tr>
<td>Export and/or storage logistics</td>
<td>48%</td>
<td>39%</td>
<td>36%</td>
<td>31%</td>
<td>32%</td>
<td>30%</td>
</tr>
<tr>
<td>Commercial events</td>
<td>49%</td>
<td>43%</td>
<td>47%</td>
<td>42%</td>
<td>45%</td>
<td>48%</td>
</tr>
<tr>
<td>Labor force availability</td>
<td>47%</td>
<td>37%</td>
<td>40%</td>
<td>42%</td>
<td>33%</td>
<td>30%</td>
</tr>
<tr>
<td>Product demand/sales</td>
<td>45%</td>
<td>39%</td>
<td>40%</td>
<td>41%</td>
<td>38%</td>
<td>40%</td>
</tr>
<tr>
<td>Legal and/or insurance costs</td>
<td>11%</td>
<td>5%</td>
<td>7%</td>
<td>6%</td>
<td>6%</td>
<td>4%</td>
</tr>
<tr>
<td>Financial costs</td>
<td>32%</td>
<td>23%</td>
<td>24%</td>
<td>16%</td>
<td>21%</td>
<td>14%</td>
</tr>
<tr>
<td>Production costs</td>
<td>56%</td>
<td>60%</td>
<td>65%</td>
<td>66%</td>
<td>65%</td>
<td>63%</td>
</tr>
<tr>
<td>Access to production inputs</td>
<td>58%</td>
<td>51%</td>
<td>42%</td>
<td>47%</td>
<td>44%</td>
<td>40%</td>
</tr>
<tr>
<td>Access to financing**</td>
<td>n/a</td>
<td>20%</td>
<td>23%</td>
<td>21%</td>
<td>21%</td>
<td>22%</td>
</tr>
</tbody>
</table>

** The information about the access to financing was not collected in April.

We can observe that the categories with the greatest proportion of impacts reported are the following: production costs, commercial events, access to production inputs, product demand, and production processes. The following diagram illustrates that nearly all of the organizations reported negative or very negative impacts in the areas of production costs and commercial events. The percentages for impacts described as very negative are generally high for commercial events, and this is understandable, given the cancellation of public events and the increasing number of transactions conducted virtually during the months studied.

Diagram 7. Main Categories of Economic Impacts
It is important to mention that most of the impacts in these five categories are negative. Nevertheless, gradual improvement can be noted in access to production inputs, product demand and production processes over the months studied.

The following diagram illustrates the primary causes associated with the increases in production costs previously identified.

As indicated in the diagram, the primary cause of increased production costs is consistently identified over the time period studied as the increased costs of production inputs and material, followed by the need to purchase hygiene products for personnel and the necessary materials for maintaining distancing measures, as well as increased transportation costs.

With respect to product demand, the participating organizations identified the causes of negative impacts in this area, and the following diagram illustrates the primary causes identified.
Diagram 9. Primary causes of impacts on product demand

It is evident in the diagram above that the cause most frequently identified is the decline in sales. Also reported, although to a much lesser degree, are drops in prices and cancelled contracts.

ADAPTATION THROUGH MARKETING ALTERNATIVES AND SOLIDARITY MEASURES

In an attempt to understand organizations' capacities for reacting and adapting, we asked them if they were implementing alternatives for marketing their products in order to compensate for the pandemic's economic impacts. The results indicate that approximately 50% of the organizations had not adopted alternative strategies for marketing their products, while the other 50% had implemented at least one alternative strategy. The following table presents the distribution of the adopted strategies, not the percentage of organizations adopting these strategies, and as a result, percentages do not necessarily equal 100%.
Table 2. Marketing alternatives implemented

<table>
<thead>
<tr>
<th>MARKETING STRATEGIES</th>
<th>APRIL*</th>
<th>MAY*</th>
<th>JULY*</th>
<th>AUGUST*</th>
<th>SEPTEMBER*</th>
<th>OCTOBER*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product diversification</td>
<td>10%</td>
<td>9%</td>
<td>11%</td>
<td>12%</td>
<td>17%</td>
<td>15%</td>
</tr>
<tr>
<td>Improved sales terms</td>
<td>11%</td>
<td>9%</td>
<td>13%</td>
<td>12%</td>
<td>11%</td>
<td>9%</td>
</tr>
<tr>
<td>Increased domestic market sales or new markets</td>
<td>9%</td>
<td>12%</td>
<td>15%</td>
<td>15%</td>
<td>11%</td>
<td>16%</td>
</tr>
<tr>
<td>Development of marketing-focused alliances</td>
<td>13%</td>
<td>13%</td>
<td>15%</td>
<td>20%</td>
<td>21%</td>
<td>20%</td>
</tr>
<tr>
<td>Online marketing - new channels or increased sales</td>
<td>22%</td>
<td>23%</td>
<td>25%</td>
<td>25%</td>
<td>23%</td>
<td>25%</td>
</tr>
<tr>
<td>None</td>
<td>46%</td>
<td>49%</td>
<td>53%</td>
<td>51%</td>
<td>51%</td>
<td>50%</td>
</tr>
</tbody>
</table>

*The sum of the categories for each month is not 100% because each organization can apply 1 or more measures

For a better understanding, the following diagram presents some details of the strategies adopted by organizations. We can see that online marketing is the strategy most frequently adopted by organizations since the beginning of the pandemic, while increasing domestic market sales or developing new markets is the strategy adopted least frequently.

Diagram 10. Alternative marketing strategies adopted

Organizations have also adopted measures for expressing solidarity toward their members, their families and communities, with the aim of minimizing the pandemic’s immediate negative effects. More than 60% of the organizations consistently reported each month that they had implemented solidarity measures. The following diagram presents the percentages of organizations reporting the implementation of such measures.
For a better understanding of the mechanisms used by organizations to confront economic impacts, we asked them to identify the sources of financing used for implementing solidarity measures. According to their responses, the primary source of financing has been the Fairtrade Premium. The following diagram presents the distribution of financing sources for solidarity measures.
We can see in the above diagram that organizations have also used their own funds for solidarity measures, and in fact this is the second most frequently reported source of financing. Purchasing food and purchasing personal protection equipment for members, workers and their communities are the two measures mostly frequently implemented with financing from the Fairtrade Premium and/or organizations’ funds.

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The Cooperativa Agraria Cacaotera (ACOPAGRO), has more than 1,800 producers and faced difficulties in 2020 to conduct their activities of collecting cocoa due to the mobility restrictions decreed since March by Peru’s government to avoid COVID-19 contagion. The cooperative designed a biosafety protocol for its collection centers, drawing circles in the floor so that producers could wait their turn keeping the social distancing. Besides, they asked them to wear masks and made alcohol gel available to clean their hands frequently.

*The organization ACOPAGRO implemented biosafety protocols to continue with cocoa production in Peru.*
Despite the difficulties, the cooperative collected the fresh cocoa from producers, which was then fermented in wood containers and dried in the collection centers. However, if faced difficulties to transport the product to the central warehouse, located in the city of Juanjui, in which they prepare the lots to transport them to Lima for export. Thus, they got special permits with the authorities at the Ministries of Production and Agriculture, and the police to transport the product.

The is a small sample of how Small-scale producer organizations have had to face new challenges during the pandemic, being forced to invest in the implementation of biosafety protocols and increased production costs.

CONCLUSIONS

The information obtained through the monthly surveys has been extremely valuable for CLAC’s operations team and for strategic partners. These surveys have made it possible to identify areas of opportunity for channeling funds and for actions facilitated through the Fairtrade system.

Also, CLAC’s access to organizations, and its work in processing the data collected and disseminating the results demonstrate that CLAC has a comparative, competitive advantage for working with data. This results in part from CLAC’s ongoing communication and collaboration with its members, together with its efforts and investment in establishing a tradition of operating on the basis of evidence-based results, transparency and decision-making.

At this time there are few if any additional conclusions or assessments to be made, since the objective of the information gathered was to identify needs for designing actions to be taken. Nevertheless, the data will be very useful for assessing initiatives such as Relief Funds and Economic Recuperation Funds, and other funds still in the designing stages. In all of these cases, one of the dimensions of assessment will be—in accordance with evaluation theory—the relevance of the actions designed.

The data presented in this report demonstrate that the productive activities of producer organizations are being affected by increases in production costs and the incorporation of biosecurity measures necessary for safe operations. It is also evident that organizations are proactively taking actions to counteract negative effects. As mentioned in this report, organizations are adopting measures to prevent the spread of COVID-19 and adopting biosecurity protocols in their productive activities. Simultaneously, they are implementing solidarity measures designed to assist communities, and using their own resources without waiting for other sources of financing.

However, organizations have made minimal efforts to adopt alternative marketing strategies aimed at counteracting the effects from quarantining and from declining economic activity around the world. Currently, online marketing
is the most frequently reported alternative strategy, while organizations are not taking advantage of other important areas of opportunity such as diversifying products and adding value to products. These findings clearly identify some areas of opportunity for CLAC and its strategic partners, whether by reinforcing actions already initiated by organizations and/or facilitating new alternatives.

The organization Entre Sierras in Colombia gave biosafety kits to its members with the support of CLAC’s Relief Fund.

REFERENCES

At APBOSMAN’s facilities in Peru, workers take their temperature as a preventive measure.